



NEWS TO USE

A newsletter for PERSI Employers

June 2003

- Contribution rate changes 2003-2006
- Employee addresses
- Handbooks available

Contribution rate changes July 2003 - 2006

Rates change for two reasons:

- Public safety officer \$100,000 death benefit increases PERSI Class 2, A, B, and D employer contribution rates 0.10% effective July 1, 2003
- Poor investment markets mean all PERSI employee and employer rates will increase July 2004-2006 gradually returning to 1997 levels

As we've informed you in recent memos and **News to Use** issues, PERSI contribution rates will be changing for different reasons, and at different times beginning July 2003.

Refer to the chart below for the scheduled rate changes. Please note that the changes are contingent on PERSI receiving at least a 1% return on investments for Fiscal Years 2003 and 2004.

Should returns be lower, PERSI may be required to make adjustments to the rates.

For more on the reasons for the rate changes see the back page.

Scheduled PERSI Contribution Rate Changes*

	Until 10-31-97	Current Rates	July 1 2003	July 1 2004	July 1 2005	July 1 2006
EMPLOYERS						
General Member Employer Rate	11.61%	9.77%	9.77%	10.39%	11.00%	11.61%
Police/PERSI Firefighter (Class 2) Employer Rate	11.85	10.01	10.11	10.73	11.34	11.95
FRF Firefighters (Class D) Hired after 10/1/80 Employer Rate	27.25	27.25	27.35	**	**	**
FRF Firefighters (Class A, B) Hired before 10/1/80 Employer Rate	35.90	35.90	36.00	**	**	**
MEMBERS						
General Member Employee Rate	6.97	5.86	5.86	6.23	6.60	6.97
Police/PERSI Firefighter Employee Rate	8.53	7.21	7.21	7.65	8.09	8.53

* These rates are contingent on PERSI receiving at least a 1% return on investments for Fiscal Years 2003 and 2004. Should returns be lower, PERSI may be required to accelerate the timing of the increases.

** Impact on FRF rates to be determined.

Rate Changes

Public Safety \$100,000 Death Benefit

Legislation passed this year (SB 1050) revised the public safety officer \$100,000 death benefit program to include it as a benefit under PERSI rather than through the State Board of Examiners.

Effective July 1, 2003, all PERSI police officers (Class 2) and firefighter members (Class 2 and D) and FRF firefighters (Class A and B) will be eligible for the benefit from PERSI.

To fund this shift in benefits, the employer contribution rate for all PERSI police officer and firefighter employees will increase 0.10%, from 10.01 to 10.11% of pay effective July 1, 2003. The FRF Employer Rate for Class A and B employees will increase from 35.90% to 36.00% of pay, and for Class D employee from 27.25% to 27.35% of pay. The employee rate will **not** change. The employer change will be effective for pay periods beginning on or after July 1, 2003.

Poor Investment Markets Return Rates to 1997 Levels

Since August 2000, the US has experienced the worst equity market since the 1930s, both in duration and in depth. Such abysmal markets have, naturally, had a negative effect on PERSI's funding.

Because of this, after months of deliberation, the PERSI Board voted at their November 2002 meeting to gradually increase member and employer contribution rates back to 1997 levels.

Effective July 1, 2004, the rate employers contribute to PERSI will increase to 10.39%, up from 9.77% (10.73% for police/fire employers, up from 10.11%). Employee rates will increase from 5.86% to 6.23% of pay (Police/PERSI Firefighters will pay 7.65%, up from 7.21%). All the rates will increase again July 1, 2005 and 2006 (see chart on front page). NOTE: These rates are contingent on PERSI receiving at least a 1% return on investments for Fiscal Years 2003 and 2004. Should returns be lower, PERSI may have to accelerate the timing of the increases.

The Board decided to delay the effective date of the rate increases to July 2004 for several reasons, one of which is tight employer budgets. We realize that such hard economic times are difficult for public employers, and also that many public entities have their fiscal year budgets set far in advance.

But, even when all of these increases are in place, all employee and most employer contribution rates will be the same as they were in 1997. Only Public Safety employer rates will be higher - due to the \$100,000 death benefit.

Up-do-date employee addresses save you time, money

For the last several years, PERSI has been distributing materials directly to member home addresses instead of through you. We've done this to lighten your workload, improve confidentiality and make mailings more timely.

The addresses you provide us through your payroll transmittals are the ones we use for our mailings. You are our sole source for active member addresses.

When we do a mailing, any pieces with incorrect addresses are returned to us. We, in turn, bunch these up and mail them to you for distribution to employees at work. By maintaining up-to-date addresses, you ensure that the mailings go to the correct place, and save us and you the time and money of dealing with them.

Handbooks are available

If you need PERSI Member Handbooks for new employees, or for any employee who might want one, please call us. The handbooks available now are the 7-1-2002 version. The book will be revised again in summer of 2004, and one will be mailed to each member's home at that time. But if you want some on hand now, please contact Betsy Griffith at 334-2451 x297 or bgriffit@persi.state.id.us

Coeur d' Alene office has a new suite number

PERSI's CdA address is:

2005 Ironwood Pkwy, Suite 226
Coeur d' Alene, ID 83814